

SENATE BILL 2292
By Crutchfield

AN ACT to amend Tennessee Code Annotated, Title 67, Chapter 6, relative to the taxation of television services.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-201, is amended by deleting the existing subsections (9) and (10) in their entirety and substituting in place thereof the following:

(9) Charging a fee for subscription to, access to or use of one way television services offered for public consumption.

SECTION 2. Tennessee Code Annotated, Section 67-6-102, is amended by deleting subitem (24)(E)(iv) and adding the following new definition to be appropriately designated:

() (A) "Television service" means a one-way distribution of audio or video programming transmission with or without the use of wires, to subscribing or paying customers. This term includes only one-way distributions of audio and video programming and excludes two-way interactive transmissions or any other enhanced services. The term also includes the following:

(i) Basic, premium, and ancillary service, or other special programming services, including single event and any other charges related to providing the

services within this state, including, but not limited to, the rental of signal receiving equipment;

(ii) Transmission of such programming by direct broadcast satellite services, subscription television services, cable television service authorized pursuant to Tennessee Code Annotated, Title 7, Chapter 59, satellite master antenna television service (SMATV), master antenna television service (MATV), multipoint distribution service (MDS), multichannel multipoint distribution services (MMDS), or by a provider of a wireless cable service.

(B) Television services do not include the following:

(i) Programming and other information services transmitted via the information superhighway, the internet, broadband or by other similar methods;

(ii) Interactive television, enhanced television, high definition television services and two-way informational, educational, gaming, banking or retail television services and any other two-way transmission regardless of the form of delivery; and

(iii) Programming services transmitted by means not available to consumers as of January 1, 2000.

SECTION 3. Tennessee Code Annotated, Section 67-6-226, is amended by deleting the present language in its entirety and substituting in place thereof the following:

Notwithstanding other provisions of this chapter to the contrary, state tax at the rate of eight and one-quarter percent (8.25%) on each sale at retail is imposed with respect to fees for subscription to, access to, or use of television services offered for public consumption. However, state tax shall not apply to television services in an amount less than fifteen dollars (\$15.00).

SECTION 4. Tennessee Code Annotated, Section 67-6-227, is amended by deleting the present language in its entirety.

SECTION 5. Tennessee Code Annotated, Section 67-6-103, is amended by deleting subsection (f) in its entirety and substituting in place thereof the following:

(f) Notwithstanding the provisions of subsection (a)-(e), the state tax on fees or charges for television services in excess of fifteen dollars (\$15.00) but less than twenty-seven dollars and fifty cents (\$27.50) per month, shall be for state purposes only and shall be earmarked and allocated specifically and exclusively to the general fund.

Twenty seven and twenty-seven one hundredths percent (27.27%) of the revenue derived from the charges or fees for television services in excess of twenty-seven dollars and fifty cents (\$27.50) shall be distributed to incorporated municipalities in the proportion each population bears to the aggregate population of the state and to unincorporated areas of counties in the proportion each population bears to the aggregated population of the state, according to the last federal census and other census authorized by law. Counties and incorporated municipalities shall use such funds in the same manner and for the same purpose as funds distributed pursuant to Tennessee Code Annotated, Section 67-6-712. The remaining seventy two and seventy-three one hundredths percent (72.73%) of such revenue shall be distributed as otherwise provided in subsections (a), (b), (c) and (d) of this section.

SECTION 6. This act shall take effect July 1, 2000, the public welfare requiring it.